

Message Text

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43

ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 PA-01 PRS-01 /134 W

----- 083891

R 020955Z SEP 76

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 5098

INFO AMEMBASSY ABU DHABI

USINT BAGHDAD

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

CONFIDENTIAL ALGIERS 2138

E.O. 11652: GDS

TAGS: ENRG, OPEC, AG

SUBJECT: OPEC, PRICES AND THE ALGERIAN FORMULA

REF: KUWAIT 4085

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1. EMBASSY'S COMMERCIAL OFFICER DISCUSSED ABOVE SUBJECT

WITH SONATRACH ACTING MARKETING DIRECTOR, BAYOU, WEDNESDAY,
SEPT. 1.

2. BAYOU SAID THAT LAST WEEK'S MEETING OF OPEC ECONOMIC
COMMISSION COMPLETED AGREEMENT ON GUIDELINES FOR USING ALGERIAN
FORMULA FOR COMPUTING QUALITY AND TRANSPORTATION DIFFERENTIALS.
HE SAID MATTER THEN WAS TURNED OVER TO QTE THE TECHNICIANS
UNQTE TO WORK OUT ALL DETAILS. IN RESPONSE TO DIRECT QUESTION
CITING KUWAIT PRESS REPORTS (REFTE) BAYOU SAID HE HAD
HEARD OF NO SUCH PLAN TO PUT FORMULA IN EFFECT FOR TRIAL
PERIOD PRIOR TO OPEC DECEMBER MEETING. HE SAID AGREEMENT
WAS TO PUT FORMULA INTO EFFECT AS SOON AS DETAILS WORKED
OUT; QTE IT COULD BE TWO WEEKS OR IT MIGHT BE SIX MONTHS UNQTE.
BAYOU DENIED ANY KNOWLEDGE OF RUMORED EARLY
MINISTERIAL MEETING. HE SAID TO BEST HIS KNOWLEDGE MEETING STILL
SCHEDULED FOR DOHA IN DECEMBER. HE ALSO DID NOT RPT NOT
RISE TO BAIT WHEN INDIRECT QUESTION WAS POSED REGARDING
RUMORED MINI-MINISTERIAL MEETING IN TA'IF. HE SAID
MINISTER INDUSTRY AND ENERGY BELAID ABDESELAM IN LIBYA
REPRESENTING ALGIERS AT STATE CELEBRATION (WHICH CONFIRMED
BY LOCAL PRESS).

3. REGARDING OIL PRICE AND DECEMBER MEETING, BAYOU
SAID THERE NO QUESTION MEETING WOULD RESULT IN JANUARY 1
PRICE INCREASE; ONLY QUESTION SEEMED TO BE HOW MUCH.
WHEN EMBOFF SUGGESTED THAT MOST OFTEN HEARD NUMBERS WERE
TEN AND FIFTEEN PERCENT, BAYOU MORE OR LESS AGREED,
BUT THEN DEMURRED AND SAID IT COULD BE AS LITTLE AS
FIVE OR SIX PERCENT. HE THEN MADE INTERESTING COMMENT,
QTE OUR MINISTER (ABDESELAM) SAYS WHAT IS FIVE PERCENT
IF IT RESULTS IN DESTRUCTION OF OPEC UNQTE.

4. COMMENT: WE DO NOT KNOW HOW RELIABLE AND WELL-
INFORMED BAYOU IS. IT CLEAR THAT HE AT LEAST BELIEVES
THAT ALGERIAN FORMULA FOR ALL INTENTS AND PURPOSES IS
ADOPTED. HE ALSO CLAIMS ITS PURPOSE IS NOT TO CHANGE
PRICE DIFFERENTIALS, BUT RATHER MERELY TO STANDARDIZE
AND STANDARDIZE METHODS OF COMPUTING. EMBASSY
INTERPRETS FINAL COMMENT AS MEANING THAT THE ALGERIANS,
WHILE WANTING A SIGNIFICANT PRICE INCREASE, ARE NOT YET
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WILLING TO GO TO THE MAT FOR AN ADDITIONAL FIVE PERCENT. PARKER

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Message Attributes

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